MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2215)

TFA2141 – FINANCIAL ACCOUNTING FOR MANAGERS

(All Sections/Groups)

13 FEBRUARY 2023
2.30 p.m-4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 4 pages excluding cover page with 4 Questions only.

2. Attempt ALL questions. All questions carry equal marks and distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

The following transactions were completed by Fairway Stores during March 2022. The balances on 1 March 2022 for cash account was RM10,000 while Tam Trading has balances of RM2,000 at the beginning of the month.

March	Transactions
2	Purchased RM7,000 of goods from Tam Trading on account, terms 2/10, n/30.
4	Discovered that some of goods purchased on 2 March from Tam Trading were defective and the items returned, worth RM1,000.
7	Bought RM2,000 of goods from Tam Trading on account, terms 2/10, n/30
10	Paid the amount owed on the invoice dated 2 March, less amount returned and discount.
25	Paid the amount owed to Tam Trading for the purchased on 7 March.

Required:

Enter the transaction in the following ledger accounts for the month of March 2022. Balance-off the accounts.

a) Cash
b) Tam Trading

(12 marks)

Part B

Selected data for Fairway Stores for the year ended 31 December 2021 were as follows:

	RM
Inventory, January 1	53,600
Inventory, December 31	63,900
Purchases	657,000
Sales	805,000
Return inwards	8,700
Return outwards	15,500
Carriage inwards	22,500
Custom duty	15,000

Required:

Calculate the gross profit or loss of Fairways Stores for the year ended 31 December 2021.

(13 marks)

(Total: 25 marks)

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QUESTION 2

Qistina Laundry prepared the following trial balance as at 31 December 2021.

Details	Debit (RM)	Credit (RM)
Cash	9,000	
Accounts receivable	2,000	
Laundry equipment	80,000	
Accumulated depreciation-Laundry equipment		8,000
Laundry van	150,000	
Accumulated depreciation-Laundry van		30,000
Accounts payable		10,000
Salaries expense	6,000	
Qistina Laundry, Capital		180,000
Qistina Laundry, Drawing	5,000	
Laundry revenue		25,000
Utilities expense	3,000	
Insurance expense	18,000	
Long term loan		20,000
TOTAL	**273,000**	**273,000**

Additional information:

1. RM500 of the insurance was paid in advance as at 31 December 2021.
2. Utility bills totaling RM2,000 were received at year end but not recorded or paid.
3. Depreciation of Laundry equipment was estimated at 10% per annum using straight line method.
4. Depreciation of Laundry van was estimated at 20% per annum using reducing balance method.

Required:

a) Prepare the income statement for the year ended 31 December 2021. (8 marks)
b) Prepare the statement of financial position as at 31 December 2021. (17 marks)

(Total: 25 marks)

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QUESTION 3

Below are the operating data of 5GSolution for the year ended 2020 and 2021.

Income Statement
for the year ending 31st December 2020 and 2021

	2021 (RM)	2020 (RM)
Net sales	750,000	690,000
Cost of goods sold	(450,000)	(300,000)
Gross profit	300,000	390,000
Other Incomes	12,000	15,000
Total expenses	(148,000)	(140,000)
Net profit	164,000	265,000

Additional Information:

	2021 (RM)	2020 (RM)
Beginning inventory	100,000	100,000
Purchases	500,000	400,000
Ending inventory	150,000	200,000

Required:

a) For each of the years, compute the following ratios (show all workings).
- i. Net profit as percentage of sales (5 marks)
- ii. Inventory turnover (5 marks)
- iii. Average days to sell the inventory (4 marks)
- iv. Comment on the management of the inventory for 5GSolution. (2 marks)

b) Prepare a horizontal analysis for 5GSolution for the items of operating data for 2021 using 2020 as a base year. (6 marks)

c) Based on your analysis, briefly explain the performance of the company between year 2020 and 2021 of the operating data. (3 marks)

(Total: 25 marks)

QUESTION 4

Part A

Below are the descriptions of internal control of E-Dagang Sdn. Bhd.
- i. Warehouse employees do not have access to the accounting records.
- ii. Pre-numbered shipping documents are prepared for each shipment of goods.
- iii. The locked warehouse is accessible only by warehouse employees with keys.
- iv. Only the treasurer of the company can sign cheques.
- v. Discouraging employees from taking paid vacations.

Required:

Identify the internal control principles that are related to the descriptions above. (5 marks)

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Part B

Indicate each of the following items is either a cash inflow or outflow and in which section of the statement of cash flows it would be reported.

No.	Item	Inflow or Outflow	Section of the Statement of Cash Flows
a)	Sale of stock investment		
b)	Receipts from issuing shares		
c)	Issuance of bond		
d)	Proceeds from sales of non-current assets		
e)	Payments of cash dividends		
f)	Payment of wages expenses		

(12 marks)

Part C

The income statement disclosed the following items for 2021.

	RM
Depreciation expense	24,500
Gain on disposal of equipment	10,200
Net profit	186,000

Balances of the current assets and current liability accounts changed between 31 December 2020 and 31 December 2021, as follows:

	RM
Accounts receivable	4,000 increase
Inventory	2,000 (decrease)
Prepaid insurance	800 (decrease)
Accounts payable	2,700 (decrease)

Required:

Prepare the cash flows from operating activities section of the statement of cash flows using indirect method. (8 marks)

(Total: 25 marks)

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